

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 CIAE-00 INR-07

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P 160950Z JUN 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC PRIORITY 8937

AMEMBASSY ISLAMABAD PRIORITY

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E.O. 11652: N/(

TAGS: BEXP, PK

SUBJECT: CHEMTEX PROPOSAL FOR POLYESTER FIBER PLANT

REF: KARACHI 1165

SUMMARY: OVER WEEKEND DPO OBTAINED MORE INFORMATION CONCERNING PLANS FOR FINAL BID NEGOTIATIONS FROM OFFICIALS OF FCCC AND BIM WHICH ARE DETAILED BELOW. END SUMMARY

1. DURING DINNER AT HIS RESIDENCE JUNE 14 MAHMOOD AHMED WAS CIRCUMSPECT CONCERNING REASONS FOR CANCELLATION VISIT TO DUPONT/R&H PLANTS IN U.S., ALLUDING ONLY TO PRESS OF WORK AND FACT THAT PHYSICAL CHARACTERISTICS OF POLYESTER PLANTS "WELL KNOWN" TO EXPERTS HERE. HE SAID ICI BEING INVITED RETURN TO KARACHI FOR FINAL NEGOTIATIONS JUNE 23 AND CHEMTEX/DUPONT ON JUNE 26.

2. ON SUNDAY JUNE 15 DPO ABLE HAVE LONG TALK AT SIND CLUB POOL WITH BIM MEMBER-SVNANCE A. DURRANI WHO WAS MOST FRANKND HELPFUL AND WHO AT THIS POINT, WE BELIEVE, HAS BECOME STRONG PROPONENT FOR CHEMTEX/DUPONT CAUSE DESPITE PERSONAL FRIENDSHIP WITH TOP ICI EXECUTIVE HERE. DURRANI, CONTINUING ON THEME WHICH HE HAS

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PREVIOUSLY VOICED, REITERATED HIS BELIEF THAT "FEW EXTRA

MILLIONS" WERE INCONSEQUENTIAL TO PROJECT IN TIME OF HIGH INFLATION AND INCREASING COSTS. WHAT WAS VITAL, DURRANI SAID, (AND WE BELIEVE HE SPEAKING SINCERELY) WAS TO OBTAIN FIRST CLASS TECHNOLOGY. OTHERWISE FCCC WOULD HAVE TO SPEND MORE LATER TO BRING PLANT UP TO FIRST CLASS STANDARD. DURRANI ALSO SPOKE OF IMPORTANCE INTANGIBLE BENEFITS FROM RELATIONSHIP WITH A MAJOR INTERNATIONAL CHEMICAL CORPORATION NEW TO PAKISTAN. HE DID NOT SPECIFICALLY NAME DUPONT/R&H BUT HIS IMPLICATION WAS CLEAR. ICI COULD COME IN LATER WITH SECOND PLANT, HE CONCLUDED.

3. DURRANI ALSO GAVE COMPOSITION FINAL NEGOTIATING COMMITTEE. IT WILL BE MADE UP OF FIVE MEMBERS: FCCC CHAIRMAN MAHMOOD AHMAD, PAK PVC LTD MANAGING DIRECTOR DR. MUSHFIQ CHAUDHRY, NDISC CHAIRMAN DR. AHMED SHAH NAWAZ, DURRANI HIMSELF, AND ALSO DEPUTY SECRETARY, PRODUCTION, GOP MINISTRY OF PRODUCTION, SHAMIN ARIF. WHEN DPO ASKED DURRANI WHETHER THIS COMMITTEE WOULD HAVE AUTHORITY MAKE FINAL DECISION OR WHETHER DECISION WOULD BE SUBJECT FURTHER POLITICAL INFLUENCES IN ISLAMABAD, DURRANI SAID COMMITTEE WOULD DEFINITELY MAKE FINAL DECISION AND THAT PRESENCE OFFICIAL FROM MINISTRY OF PRODUCTION ON COMMITTEE WOULD INSURE THIS. DURRANI AGREED WITH DPO'S COMMENT THAT SHAMIN ARIF SEEMED TO BE A FAIRLY JUNIOR OFFICER (DEPUTY SECRETARIES RANK SIX DOWN FROM MINISTER IN PAK HIERARCHY) TO BE SITTING ON SUCH AN IMPORTANT COMMITTEE. DURRANI AGREED AND SAID HE WOULD TRY TO GET MINISTER RAFI RAZA (WITH WHOM HE IS ON CLOSE TERMS) TO REPLACE SHAMIN ARIF WITH ARIF'S SENIOR, ADDITIONAL SECRETARY ALAUDDIN AHMAD. DESPITE PRESS ANNOUNCEMENT CONCERNING INVITATIONS TO FOUR FIRMS TO RETURN FOR FINAL NEGOTIATION, DURRANI GAVE IMPRESSION THAT ONLY THREBRPBOSJB NVGSHMZAPNG CONSIDERED SERITGTWJ, LURGI-PTJGNTA, ICI, AND CHEMTEX/ DUPONT. DURRANI DID NOT BELIEVE TORAY BEING INVITED BACK.

4. WHEN DPO ASKED DURRANI WHETHER CHEMTEX/DUPONT COULD DO ANYTHING MORE TO FAQTHER ITS CAUSE HERE BEFORE FINAL NEGOTIATIONS, DURRANI OPINED THAT IT WOULD BE HELPFUL FOR AT LEAST SOME MEMBERS NEGOTIATING TEAM ARRIVE HERE "FEW DAYS" EBEFORE THEY ACTUALLY SCHEDULED TO COXX IN ORDER "TO TAKE TEMPERATURE OF WATER." CONGEN STRONGLY SECONDS DURRANI'S ADVICE AND BELPEVES SOME TEAM MEMBERS SHOULD BE HERE AT LEAST AS EARLY AS ICI TEAM ON JUNE 23, IF NOT BEFORE.

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5. COMMENT: ALTHOUGH CENTRAL GOP POLITICAL INFLUENCE CLEAR IN DECISION CANCFT PLANT VISIT TO U.S. AND INVITE ICI BACK INTO FINAL BID NEGOTIATIONS, COMPOSITION FINAG,EGOTIATING TEAM SHOWS CONTINUING EMPHASIS ON TFRJCICAL EXPERTISE THROUGH PRESENCE MAHMOOD AHMED, CHAUDHRY AND SHAH NAWAZ. BID COMMITTEE, WE BELIEVE, CONTAINS THREE PERSONS IN XHVOR CHEMTEX/DUPONT (MAHMOOD AHMED, CHAUDHRY, AND BIRRANI). SHAH NAWAZ IS CLOSE FRIEND TOP ICI

OFFICIAL HERE AND PROBABLY FAVORS ICI. CONGEN CAN MAKE NO JUDGMENT CONCERNING SHAMIN ARIF OR ALLAUDDIN AHMED OF MINPRODUCTION IN ISLAMABAD, SINCE WE NOT PERSONALLY ACQUAINTED WITH EITHER INDIVIDUAL.

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